

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6817

BILL NUMBER: SB 422

DATE PREPARED: Jan 5, 1999

BILL AMENDED:

SUBJECT: Insurance Coverage for Infertility Treatments.

FISCAL ANALYST: Alan Gossard

PHONE NUMBER: 233-3546

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill prohibits the issuance, delivery, amendment, or renewal of a group policy of accident and sickness insurance providing pregnancy related benefits unless the policy provides coverage for the diagnosis and treatment of infertility. The bill specifies certain infertility treatment procedures that must be covered, but provides that the coverage of an insured individual for certain procedures is required only under certain circumstances. The bill does not apply to a group policy issued to a religious institution or organization that finds the fertility treatment procedures incompatible with its religious and moral teachings and beliefs.

This bill also provides that a group health maintenance organization (HMO) contract that provides pregnancy related benefits may not be entered into, delivered, amended, or renewed in Indiana unless it provides coverage for the diagnosis and treatment of infertility. The bill specifies certain infertility treatment procedures that must be covered as in-plan covered services or out-of-plan covered services, but provides that the coverage of an enrollee for certain procedures is required only under certain circumstances. The bill does not apply to a group HMO contract entered into with a religious institution or organization that finds the fertility treatment procedures incompatible with its religious and moral teachings and beliefs. The bill also prohibits an insurer or HMO from providing coverage for certain procedures if the procedures involve the disposal of fertilized eggs.

Effective Date: July 1, 1999.

Explanation of State Expenditures: *Summary:* This bill requires group health insurance policies and HMO plans that provide pregnancy benefits to also provide coverage for the diagnosis and treatment of infertility. These provisions are assumed to also apply to the health benefit plans provided to state employees. To the extent that these benefits are not currently offered through the traditional indemnity plans or through the HMO plans as part of the state employee health benefit package, there would be additional costs incurred by these plans. Additional costs to the plans in FY2000 dollars are estimated, based on published research,

to range from \$385,000 to \$1.0 million per year (or from \$0.34 per **member** per month to \$2.21 per **contract** per month) and may be reflected in increased premiums and enrollment fees. Increased premiums and fees, however, may or may not result in additional costs to the state depending upon administrative action as to the determination of the employer/employee cost share for health insurance benefits. The state currently pays about 95% of aggregate employee health plan costs. [The health plans providing health benefits to state employees estimate additional costs for infertility coverage to be \$3.7 million to \$5.2 million.]

Background:

Hidlebaugh, et.al. (1997) analyzed the cost of assisted reproductive technologies (including in vitro fertilization, gamete intra fallopian transfer, cryopreserved embryo transfer, zygote intra fallopian transfer/tubal embryo transfer, and donor oocyte) for one 170,000-member HMO in Massachusetts after the infertility insurance coverage mandate. The Massachusetts mandate has been in force since 1989. The authors found the average cost for assisted reproductive technologies to be \$3.16 per member per year over the period 1990 through 1996. This estimate inflates to \$4.08 per member per year for FY2000 (about \$0.34 per member per month). These costs include obstetric and neonatal costs of twins and triplets, as well. Based on current state employee participation in the state health plans and current premium expenditures, this data provides an estimate of the additional cost to state employee health plans of \$385,000 per year, the lower estimate provided above.

Griffin and Panak (1998) analyzed the impact on premiums attributable to the mandate for coverage of infertility-related services in Massachusetts after the coverage mandate. Griffin and Panak found that the expenditure for the infertility-related procedures in 1993 was approximately 0.41% of the total health care expenditures within the Blue Cross/Blue Shield of Massachusetts plan. Comparable analyses were not possible for the HMO plans, but would be expected to be less than the indemnity plan. This provides an estimate of \$1.71 per contract per month for a hypothetical \$5,000 per year health care insurance policy for 1993. This estimate inflates to \$2.21 per contract per month for FY2000. (This should be the upper limit on costs based on assumptions used in the study, as well as the fact that this estimate represents the total cost of infertility coverage, rather than the marginal coverage. In other words, the estimate does not net out the health plan expenditures for lower technology infertility procedures that were already covered under the health plans.) Based on current state employee participation in the state health plans and current premium expenditures inflated to FY2000, this data provides an estimate of the additional cost to state employee health plans of \$1.0 million per year, the higher end of the range provided above.

The eight health plans providing coverage to state employees were also surveyed for their cost estimates and four have responded at this time. (1) One quoted a University of Iowa study showing that infertility benefits represented about 0.85% of total health care costs in the university's self-funded, fee-for-service plan. The plan also suggested that other studies have reported the cost of infertility services being as much as \$5.35 per member per month. (2) Another state employee health plan responding to our request for information estimated the cost to their plan to be a 4.0% to 5.0% increase in current premium. (3) Another health plan estimated \$3.03 per contract per month. (4) The fourth plan estimates \$6.00 per member per month for a 4.6% increase in premium. With the responding plans representing 91% of the state employees, the plans estimated additional costs for infertility coverage to be \$3.7 million to \$5.2 million per year.

Explanation of State Revenues:

Explanation of Local Expenditures: The estimated total impact on health plan costs of these mandated benefits estimated the referenced studies ranges from \$0.34 per **member** per month to \$2.21 per **contract** per month in FY2000 dollars. The impact on an individual health plan would vary depending upon plan

structure and type. Similar to the State, increased premiums and enrollment fees may or may not result in additional costs to local governments and school corporations depending upon administrative action as to the determination of the employer/employee cost share for health insurance benefits.

Explanation of Local Revenues:

State Agencies Affected: All

Local Agencies Affected: Local Governments and School Corporations

Information Sources: Keith Beesley, Department of Personnel, 232-3062.

Griffin, Martha, and William F. Panak, Ph.D., “The Economic Cost of Infertility-Related Services: An Examination of the Massachusetts Infertility Insurance Mandate”, Fertility and Sterility, Vol. 70, No. 1, July 1998, pp. 22-29.

Hidlebaugh, M.D., Dennis, Irwin E. Thompson, M.D., and Merle J. Berger, M.D., “Cost of Assisted Reproductive Technologies for a Health Maintenance Organization”, The Journal of Reproductive Medicine, Vol. 42, No. 9, September 1997, pp. 570-574.